NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (05/28):
BUTTER: Grade AA closed at $1.5300. The weekly average for Grade AA is $1.4500 (+.2017).
CHEESE: Barrels closed at $1.2975 and blocks at $1.3000. The weekly average for barrels is $1.2385 (+.0585) and blocks, $1.2645 (+.0555).
NONFAT DRY MILK: Extra Grade closed at $1.0100 and Grade A at $1.0500. The weekly average for Extra Grade is $1.0100 (-.0020) and Grade A is $1.0500 (N.C.).

BUTTER: The market tone is firm. Many butter producers and handlers are questioning why prices are advancing so fast during the peak milk production season and all reports indicate a substantial jump in butter inventories. Production levels across the country are lighter as more cream is moving into Class II products. Current butter stocks range from tight to adequate. In instances, some manufacturers are not able to fill all orders in as timely a fashion as they would normally like to. Buying interest is improved as many buyers try to stay ahead of further price increases. Food service orders, especially in resort and vacation areas, are strong as the unofficial start to the summer vacation season is at hand with the observance of Memorial Day.

CHEESE: The cheese market is firm, though some nervousness over recent advances exists. Cash prices on the Chicago Mercantile Exchange continue to rebound from the recent lows. Better returns from butter/powder production continue to affect cheese output in areas with extra production capacity. Buyers are more willing to make commitments with producers. Bulk cheese needs are expected to be lighter next week as most packagers/ processors will be closed for Memorial Day. Food service promotional activity is stimulating process sales. Cheese plants will be operating on extended schedules in order to handle available holiday milk volumes.

FLUID MILK: Milk production is the strongest in the northern sections of the country as seasonal warm weather in the South takes its toll on milk output. Milk supplies are abundant and anticipated to increase with school closings over the Memorial Day holiday. Class I demand is slow which is encouraging movement into manufacturing. Class II trade is seasonally fair to good. The cream market is mixed, best in the East with weakness noted for the holiday week.

DRY PRODUCTS: The market tone on all dry products is steady to weak. Whole milk prices moved slightly higher in alignment with increasing butter prices. NDM prices are generally unchanged with buttermilk and whey prices unchanged to lower. DEIP sales have developed offering little improvement on excess supplies of NDM. Dryer schedules are expected to remain heavy as additional surplus volumes of milk are generated over the holiday weekend. Lactose and items requiring extended dryer time are in the strongest position.

COLD STORAGE (NASS & ASCS): U.S. cold storage holdings of butter on April 30, 1999, total 126.4 million pounds, 16.0% more than last month's total and 87.4% higher than April 1998. Natural American cheese holdings total 450.6 million pounds, 10.9% above March 1999 and 2.5% higher than last year. Nonfat dry milk holdings at the end of March 1999 total 201 million pounds, 5.7% higher than February 1999 and 55.8% above last year.

CONSUMER PRICE INDEX (BLS): The April Consumer Price Index (CPI) for all food is 163.4, up 2.3% from March 1999. The dairy products index, 156.1, is up 5.1% from a year ago. The April to April changes in selected dairy products are: fresh whole milk +2.3%, cheese +6.7%, and butter +16.5%.

COMMERCIAL DISAPPEARANCE (ERS): Commercial disappearance of dairy products during the period January-March 1999 totals 39 billion pounds, 2.4% more than the comparable period in 1998. Comparing disappearance levels with a year ago: American cheese, other cheese, and fluid milk were higher while butter and NDM were lower.

CCC: During the week of May 24-28, CCC net purchases of NDM totaled 8,860,536 pounds. The total sourced from Midwestern areas was 1,850,549 pounds with 7,009,987 pounds sourced from Western producers.

CHICAGO MERCANTILE EXCHANGE CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 24	TUESDAY MAY 25	WEDNESDAY MAY 26	THURSDAY MAY 27	FRIDAY MAY 28	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.2100 (+.0200)	$1.2225 (+.0125)	$1.2250 (+.0025)	$1.2375 (+.0125)	$1.2975 (+.0600)	+.1075	$1.2385 (+.0585)
40# BLOCKS	$1.2375 (+.0075)	$1.2575 (+.0200)	$1.2575 (N.C.)	$1.2700 (+.0125)	$1.3000 (+.0300)	+.0700	$1.2645 (+.0555)
NONFAT DRY MILK							
EXTRA GRADE	$1.0100 (N.C.)	$1.0100 (N.C.)	$1.0100 (N.C.)	$1.0100 (N.C.)	$1.0100 (N.C.)	N.C.	$1.0100 (-.0020)
GRADE A	$1.0500 (N.C.)	$1.0500 (N.C.)	$1.0500 (N.C.)	$1.0500 (N.C.)	$1.0500 (N.C.)	N.C.	$1.0500 (N.C.)
BUTTER							
GRADE AA	$1.3600 (+.0350)	-----	$1.4600 (+.1000)	-----	$1.5300 (+.0700)	+.2050	$1.4500 (+.2017)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - May 24 - 28, 1999

MONDAY, MAY 24, 1999

CHEESE -- SALES: 1 CAR BARRELS @ $1.2050; 11 CARS 40# BLOCKS: 3 @ $1.2500, 1 @ $1.2450, 1 @ $1.2425, 1 @ $1.2500, 1 @ $1.2400, 1 @ $1.2500, 3 @ $1.2400; BIDS UNFILLED: 6 CARS BARRELS: 2 @ $1.2100, 2 @ $1.2000, 2 @ $1.1950; 2 CARS 40# BLOCKS @ $1.2300; OFFERS UNCOVERED: 12 CARS 40# BLOCKS: 1 @ $1.2375, 4 @ $1.2450, 4 @ $1.2500, 3 @ $1.2700

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 2 CARS GRADE AA: 1 @ $1.3675, 1 @ $1.3600; BIDS UNFILLED: 24 CARS GRADE AA: 1 @ $1.3600, 1 @ $1.3525, 2 @ $1.3500, 2 @ $1.3400, 1 @ $1.3375, 5 @ $1.3275, 2 @ $1.3250, 2 @ $1.3225, 1 @ $1.3200, 1 @ $1.3150, 1 @ $1.3025, 3 @ $1.3000, 2 @ $1.2900; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ $1.4200, 2 @ $1.4500

TUESDAY, MAY 25, 1999

CHEESE -- SALES: 4 CARS 40# BLOCKS: 3 @ $1.2600, 1 @ $1.2575; BIDS UNFILLED: 2 CARS BARRELS: 1 @ $1.2225, 1 @ $1.2175; 7 CARS 40# BLOCKS: 2 @ $1.2575, 5 @ $1.2375; OFFERS UNCOVERED: 3 CARS BARRELS @ $1.2400; 3 CARS 40# BLOCKS @ $1.2700

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MAY 26, 1999

CHEESE -- SALES: 1 CAR BARRELS @ $1.2250; BIDS UNFILLED: 4 CARS 40# BLOCKS: 2 @ $1.2575, 2 @ $1.2475; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.2700

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR EXTRA GRADE @ $1.0000; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ $1.0150

BUTTER -- SALES: 4 CARS GRADE AA: 2 @ $1.4450, 2 @ $1.4600; BIDS UNFILLED: 30 CARS GRADE AA: 1 @ $1.4600, 2 @ $1.4500, 2 @ $1.4400, 2 @ $1.4100, 1 @ $1.4075, 2 @ $1.4050, 2 @ $1.4000, 2 @ $1.3950, 2 @ $1.3850, 1 @ $1.3825, 2 @ $1.3800, 1 @ $1.3725, 2 @ $1.3700, 2 @ $1.3675, 2 @ $1.3650, 2 @ $1.3625, 2 @ $1.3600; OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.5000

THURSDAY, MAY 27, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ $1.2700; BIDS UNFILLED: 2 CARS BARRELS @ $1.2375; 3 CARS 40# BLOCKS: 1 @ $1.2625, 2 @ $1.2575; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MAY 28, 1999

CHEESE -- SALES: 3 CARS BARRELS: 1 @ $1.2575, 2 @ $1.2975; 6 CARS 40# BLOCKS: 2 @ $1.2800, 3 @ $1.2900, 1 @ $1.3000; BIDS UNFILLED: 6 CARS BARRELS: 2 @ $1.2975, 1 @ $1.2575, 3 @ $1.2375; 9 CARS 40# BLOCKS: 2 @ $1.2900, 2 @ $1.2800, 1 @ $1.2725, 1 @ $1.2700, 2 @ $1.2600, 1 @ $1.2500; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ $1.5300, 1 @ $1.5200, 1 @ $1.4800, 2 @ $1.4600; OFFERS UNCOVERED: 5 CARS GRADE AA: 2 @ $1.5700, 1 @ $1.6000, 2 @ $1.6200

BUTTER MARKETS

MONTHLY COLD STORAGE

According to NASS, April month-end cold storage figures for butter total 126.4 million pounds, 87.4% more than April 1998 and 16.0% more than March 1999.

NORTHEAST

The market tone remains firm, but contacts are surprised by the frequency and size of price increases at the CME. They wonder why prices are advancing so fast during the peak milk production season and all reports indicate a substantial jump in butter inventories. Current production levels are lighter as more cream is moving into Class II products. Some producers state that current output is barely able to cover print needs and they are reluctant to pull storage butter since much of it was stored at relatively high prices. Print butter demand is slow to fair for retail sales, improved for food service. Bulk butter sales are slow to fair. Buyers are looking for bulk, but reports indicate producer reluctance to sell while prices are increasing. Eastern suppliers are generally basing prices for bulk off the CME weekly average and asking premiums of 3 - 5 1/2 cents over that average.

CENTRAL

Butter markets remain firm as the AA cash butter price at the Chicago Mercantile Exchange continues its upward climb. Since April 28, AA butter has increased 40 cents per pound. The comparable price last year at this time was nearing $1.70. Producers and handlers are stating that buying interest is quite active. Many buyers are trying to stay ahead of increasing prices by placing large enough orders to carry them into the future further than usual. Some producers are not meeting all buyers interest. For those producers that have additional stocks, firmer premiums are being asked above various pricing base points. Food service orders, especially in resort and vacation areas, are strong as the unofficial start to the summer vacation season is here as the Memorial Day holiday is observed.

WEST

Demand for cream from Class II type products continues to increase seasonally. This is tending to limit butter production somewhat. Contacts are stating that ice cream activity is slightly slower in developing than they had anticipated. Butter manufacturers are often not able to fill all their orders in as timely a fashion as they would normally like to. Many are concentrating on their print business and not being as concerned about their bulk orders. Some retail features are occurring at this time and more interest is noted from the vacation related portions of the industry as the summer vacation season approaches. Butter production is expected to increase over the next two weeks because of the holiday and also because more schools will be closing for the summer. Differentials seem to be firming slightly from levels of a few weeks ago.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
MAY 22	1.2396 6,247,667	1.1920 10,668,248	1.0064 17,359,053	1.1494 5,722,113	0.1707 6,506,269

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Prices are generally higher as the trading levels at the CME have been increasing for most of the past week. The market tone is firm, but unsettled. Production is at or near peak levels and expected to get an additional boost over Memorial Day when surplus milk volumes are expected to be very heavy. Demand for cheese has been fairly good with best interest on mozzarella and process. Cheddar sales are a little improved as stores are preparing for June Dairy Month promotions. Process and mozzarella sales are quite good. Food service orders are improved as resort area outlets gear up for the holiday weekend and the beginning of "the season" for tourists and vacations.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2450-1.7325
Cheddar Single Daisies	:	1.2175-1.7325
Cheddar 40# Block	:	1.3875-1.5325
Process 5# Loaf	:	1.3950-1.5450
Process 5# Sliced	:	1.4150-1.6750
Muenster	:	1.4250-1.7275
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firm, though unsettled. Many in the industry are surprised by the recent strength in cash prices on the Chicago Mercantile Exchange, particularly the nearly daily increases from the recent low point on May 17. Reports indicate that buyers are more interested in making commitments with producers, making the assumption prices may continue to strengthen. Also, the seemingly late arriving seasonal switch from many natural varieties over to process for the barbeque/vacation season is occurring. Process sales are also being aided by food service promotional activities. Many packagers/processors plan to operate on reduced schedules next week due to the Monday holiday. Plants are operating on extended schedules as milk receipts near annual peak levels. Most schools will also be closed for the long holiday weekend, diverting additional milk volumes over to cheese production, often at discounted prices.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3600-1.6200
Brick And/Or Muenster 5#	:	1.6200-1.6775
Cheddar 40# Block	:	1.4700-2.1150
Monterey Jack 10#	:	1.6600-2.1150
Blue 5#	:	1.8050-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5375-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MAY 24 - 28, 1999
BARRELS*	:	$1.1700 - 1.2225 (NOMINAL)
	:	(-$.0100) (.0175)
40# BLOCKS	:	$1.2100 - 1.2450 (NOMINAL)
	:	($.0275) (-.0100)

( ) Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices moved lower this week, but with current trading levels at the CME, prices are expected to rebound next week. Some contacts are noting that buying activity has been stimulated by the upswing in CME prices. Buyers want to cover ahead before prices move higher. All plants are expecting to be operating at maximum levels this holiday weekend. Natural American cheese cold storage holdings coming into May total 450.6 million pounds, up 2.5% from last year. Swiss stocks total 12.2 million pounds, down 3.2% from the same time period last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3325-1.5875
Cheddar 40# Block	:	1.3300-1.4700
Cheddar 10# Cuts	:	1.5200-1.7300
Monterey Jack 10#	:	1.5400-1.6925
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN TYPE CHEESE

Prices for domestically made cheeses rebounded after several weeks of declines. Prices for imported styles and types are unchanged. The market tone is settling into its typical summer mode, but orders were expected to be up slightly as June Dairy Month retail promotions will get underway. Stocks of most types of cheese are adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	1.5800-2.1900*
Gorgonzola	3.2400-5.9400	2.2350-2.4900*
Parmesan (Italy)	TFEWR	2.9900-3.0200*
Romano (Italy)	2.1000-2.9000	-0-
Provolone (Italy)	3.4400-5.5000	1.5800-1.8650*
Romano (Cows Milk)	-0-	2.7600-4.9900*
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
05/24/99	18,540	120,752
05/01/99	17,142	115,299
CHANGE	1,398	5,453
% CHANGE	8	5

FLUID MILK AND CREAM

EAST

Milk production is at or near the peak in the northern areas where some much needed rain has fallen and grass growth is catching up to historical patterns. In the Middle Atlantic area and the Southeast, milk output has peaked and is falling at varying rates. In Florida and other Gulf Coast states, the milk flow is down rather noticeably. However, demand for bottled milk in these areas is also down and surplus milk volumes remain heavy. Schools are closing this week and next in many Southeastern states and bottling schedules are down accordingly. Also, the coming Memorial Day weekend is having an impact on Class I needs. Handlers are preparing for heavy volumes of surplus milk during the holiday weekend. This is in direct contrast to the last two Memorial Day weekends when milk clearances were barely above non-holiday weekend volumes. Florida handlers are scheduled to export about 50-65 loads of surplus milk for manufacturing. This compares to zero loads a year ago and 28 loads last week. In the Northeast, bottled milk sales are slow to fair as schools will be down for an extra day next week, but many colleges are already closed which does impact Class I milk sales. Some plants are "more than full" and surplus milk in the Northeast is moving greater distance for processing. Some shippers are trying to get current volumes as low as possible so they can handle the weekend milk while others have arrangements for additional volumes to clear during the holiday weekend. Most Eastern manufacturing plants are or expect to be full well into next week. The condensed skim market is fairly good. Processors are moving as much condensed as possible to ease the pressure on their dryers. Demand for wet solids is fair to good now that prices are often competitive with NDM. The fluid cream market is firm, but looking weaker over the long weekend. Suppliers report that cream volumesv are tight at midweek, but have many loads to move after Thursday. Spot prices are sharply higher after last week’s butter price increases at the CME. Multiples were mixed, but generally higher before midweek. Ice cream production is picking up along seasonal patterns. Demand from cream cheese producers is holding up, but as prices increase, spot purchases are being affected. Churning activity is moderate to heavy early this week, but churns are expected to be running flat out during the weekend.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6228-1.7476
Delivered Equivalent Atlanta	-	1.5978-1.7476 M 1.6478-1.6977
F.O.B. Producing Plants: Upper Midwest	-	1.6228-1.7755

PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9000-1.2000

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MAY 21 - 27, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I demand was steady to generally slower, reflecting the closing of additional schools for the summer and reduced needs going into the Memorial Day holiday weekend. Finding manufacturing space for the holiday weekend diversions is expected to be a real challenge as fewer plants have much space this year due to increases in their own patron receipts. Surplus milk volumes were already heavier during the week. Surplus prices during the week range from a few loads priced at flat class to $1.50 under with most around a $1.00 under class. Offered prices for weekend surplus milk include a low of $9.00. Some Eastern milk was moving into the eastern part of the region, (Ohio) at reported delivered prices as low as $8.50. Production of whipped cream, ice cream, and dips remains heavy seasonally. Cream prices reported are for during the week, with prices expected to be sharply lower during the holiday weekend when some plants are shut down. Fat and protein tests continue to decline seasonally. Milk intakes in upper Midwestern states are mixed, from down slightly to still increasing. Temperatures have been cool with lows in the upper 30's at least one night and temperatures only reaching about 50 for a high one day. The forecast is for temperatures to get into the 80's and perhaps approach 90, which can reduce milk output in affected areas, at least temporarily. The cooler temperature and recent precipitation have slowed alfalfa maturity and fields cut and harvested this week are producing some top quality dairy feed. Recent wet weather and fields have delayed planting progress in remaining fields. Pasture growth is excellent and providing grazers with excellent forage.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	$ 36.50- 42.50	$ 35.00- 41.00
REPLACEMENT HEIFER CALVES	$215.00-260.00	$120.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	$ 34.00- 44.25	$ 36.00- 40.75

WEST

April pool receipts of milk in California total 2.517 billion pounds, up 11.8% from last year. Cumulative pool output through the first four months of 1999 totals 9.670 billion pounds, up 11.0% from the same period in 1998. The April blend price is $12.34, at a fat test of 3.67%, which is $1.68 lower than March. The percentage of receipts used in Class 1 products is 21.32%. The April quota price is $13.26 and the base and overbase prices are $11.56. These prices are $1.60 lower than last month and 73 cents lower than April 1998. Milk production is indicated to be coming off seasonal peaks across most of the Southwest. Hotter weather is the main culprit as temperatures rise into the 90’s in California and New Mexico and touching 100 in Arizona. One of the main factors is the warm nighttime temperatures affecting cow comfort. Milk volumes still remain high and are well above year ago levels. California milk production continues to keep plants near capacity levels. The holiday weekend is not expected to cause problems handling milk, that is, beyond normal. Arizona production is backing off despite heat abatement measures in place on the dairies. New Mexico milk output is noted to be lower than a few weeks ago. Warmer temperatures are also the main factor, although temperatures are cooling decently at night. Cream markets are mixed. The higher butter price is affecting cream prices, but demand into the holiday weekend is good. Butter churning remains active, but lower June class prices in California are expected to trigger increased usage by ice cream manufacturers. Hay prices are holding mostly steady across the Southwest for top quality alfalfa. Most locations have at least completed first cuttings. Weather conditions in the Pacific Northwest have turned from wet and cold to warm and dry. Milk production remains very strong. Field work is finally progressing at a rapid pace. Corn is being planted and pastures are showing a real growth spurt. New crop hay is starting to be made, but not much has shown up in the market yet. Hay pricing is firming as much as $20/ton due to the lateness of the harvest, lower yields because of poor weather conditions, and increasing export interest. Heifer prices remain generally on the firm side. With the continued milking herd expansions taking place, demand for heifers remains excellent. Herd culling rates are now closer to normal levels with prices much improved. Grain and concentrate prices continue to soften. Producers are contracting for future needs on a regular basis. Most plants are anticipating that they will be operating at capacity levels over the holiday weekend. Most contacts feel that offerings will be handled efficiently. Less milk is entering the northern Mountain States region from other areas at this time. Local supplies remain very heavy with plant operators expressing concern about how they will handle their own milk along with some outside milk from within the region. Some deeply discounted local milk was available early in the week. All contacts are stating that the warm conditions of the past week are very welcome. Some producers are concerned about firming hay prices and the lateness of the first cutting.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 05/27/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices continue unchanged on a weak market. With the extended holiday weekend, milk supplies are expected to remain plentiful allowing no relief for dryers. Production is at capacity with minimal available dryer time for random producers who manufacture high heat and whole milk. Prices are not anticipated to decline any further although offerings have been noted below the bottom of the range. Movement of NDM is slow, yet somewhat improved due to the short work week that follows. Inventories remain adequate and building.

Includes EXTRA GRADE and GRADE A, low and medium heat
NONFAT DRY MILK: 1.0075 - 1.0375 MOSTLY: 1.0100 - 1.0150

DRY BUTTERMILK - CENTRAL

Prices remain unchanged on a weak market. Buttermilk moves best in the fluid form to ice cream production. Some spot interest in dry product has been noted into ice cream and process cheese production. Overall demand continues slow. Inventories are adequate to ample with manufacturers preferring to hold product rather than discount prices. Most contacts do not anticipate any changes in the buttermilk market until seasonal ice cream movement improves.

BUTTERMILK: .6800 - .7400

DRY WHEY - CENTRAL

Prices are unchanged on a steady to weak market. Most contacts report prices at the average with less movement noted at the lower end of the range. Condensed product is again burdensome and available at attractive prices. Extra milk from the extended weekend is not anticipated to have an impact on production as most plants are already operating at capacity. Inventories are mostly in balance with current interest. Some producers are sold out and unable to meet spot demand. Some contacts believe that an increase in export movement has firmed up supplies. Others are unsure of the market trend due to heavy milk and cheese production. Producers with contracts remain in the best position.

NONHYGROSCOPIC: .1450 - .1850 MOSTLY: .1675 - .1775

ANIMAL FEED WHEY - CENTRAL

Prices remain unchanged on animal feed items. The market tone is weak. Trade is mostly marginal on feed items due to a lackluster interest from the livestock industry. However, some producers have reported some increased movement due to the low price and the depletion of buyer inventories. Off grade product continues to be available for the light interest. Product is steady with abundant milk supplies and heavy cheese production. Veal production, at 18 million pounds, was 11% below the previous record low for April set a year ago. Calf slaughter totaled 97 thousand head, down 12% from April 1998. The average live weight was 4 pounds above last year, at 303 pounds.

MILK REPLACER:	.1300 - .1675
STANDARD:	TFEWR
ROLLER GROUND:	.1675 - .1825
DELACTOSE (Min. 20% protein):	.2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices remain unchanged on a steady to fully steady market. Domestic trade is occurring most often at the average with export trade usually above the average. The lower mesh sizes are at the lower end of the range. Demand continues good into all markets with new export interest generating the best movement. Most plants are operating at capacity with supplies adequate to instances tight. Some manufacturers are still having difficulty meeting spot demand. Producers with the bulk of their sales based on contracts remain in the best position.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .1500 - .2050 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a weak market. Offerings have been noted below the range. Lack of interest from the feed industry has caused an increased supply of protein available to the edible market. Export and domestic demand is slow with with the best movement into Class II items. Off grade product is readily available to feed traders. Condensed WPC is plentiful and sometimes difficult to move. Inventories are adequate to long with an anticipated build up expected for the extended holiday. Like other markets, producers with contracts are in the best position.

EXTRA GRADE 34% PROTEIN: .4000 - .4800 MOSTLY: .4500 - .4700

NONFAT DRY MILK - WEST

Prices for low/medium heat powder are mostly steady to increasing slightly within the range. This is mainly due to producers returning to their “normal” pricing levels following the discount period used to clear stocks. DEIP sales have developed during the last week and sizable tonnage has been committed. However, the length of the delivery period would appear to not permit these sales to have much impact on the NDM market. This is evident in continued heavy offerings to the CCC. Drying schedules are active and expected to be very heavy over the holiday weekend. High heat prices are mostly steady. Sales are generally limited beyond contracts. High heat production is light. During the week of May 17 - 21, CCC net purchases totaled 7,161,762 pounds of NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.9700 - 1.0400	MOSTLY: .9800 - 1.0100
HIGH HEAT:	1.0200 - 1.0400	

DRY BUTTERMILK - WEST

Buttermilk prices are lower on the bottom end of the range, but the majority of current sales are holding steady. The market tone remains relatively weak. Some contacts are noting that the demand for condensed buttermilk has improved. Additional buying interest for dry buttermilk usually develops when the seasonal butter production drops and less condensed is available. There are indications that churning levels will decline in June as milk production declines and cream moves to ice cream plants. Currently, stocks of buttermilk are heavy.

BUTTERMILK: .6225 - .7000 MOSTLY: .6400 - .6600

DRY WHEY - WEST

The Western whey market continues to be weak as evidenced by the softness in the mostly price. Export sales are absorbing normal volumes of whey powder. Domestic sales are slower than anticipated. Production remains very heavy throughout the region. Stocks are often heavier than desired. Most operations are showing reluctance to reduce prices in order to move additional powder. Sellers are storing powder anticipating that they will be able to clear stocks as milk production declines seasonally.

NONHYGROSCOPIC: .1600 - .1875 MOSTLY: .1650 - .1725

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended May 21, on powder sales of 10,260,492 pounds f.o.b. California manufacturing plants was $1.0051 per pound. This compares to 13,844,816 pounds at $1.0053 for the previous week ending May 14, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone remains weak. Production is very heavy as milk supplies have reached their seasonal peak. Also, the Memorial Day weekend is providing additional volumes to manufacturing plants. Some contacts were/are shipping milk out of the region to "clean themselves out" to start the weekend empty. Contacts feel that this year's Memorial Day weekend milk volumes could be much heavier than they've seen in two or three years. Powder stocks are heavy and building. Demand for NDM is slow to fair with best interest on multi-load sales at the bottom of the low heat price range. Sales of condensed skim to both Class II & III outlets are seasonally good and easing the pressure on local dryers.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:		
LOW/MEDIUM HEAT:	1.0000 - 1.0400	MOSTLY: 1.0100 - 1.0300
HIGH HEAT:	1.0400 - 1.1100	MOSTLY: 1.0400 - 1.0600
DELVD SOUTHEAST:		
ALL HEATS:	1.0300 - 1.1300	

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. However, scattered reports note some improvement in demand. Production levels are steady as butter output, though light early in the week, is expected to be very heavy during the Memorial Day weekend. Producer stocks are balanced with needs. Sales of condensed buttermilk are seasonally fair to good and easing the need for dryer time.

F.O.B. NORTHEAST:	.6900 - .7300
DELVD SOUTHEAST:	.7100 - .7650

DRY WHOLE MILK - NATIONAL

Prices unchanged to higher as some producers adjust prices to the increasing butter closes at the CME. The market tone is unchanged. Production is lighter this weekend as most dryer-time is devoted to clearing milk (skim) as efficiently as possible. Demand is unchanged. Early this week, there was one small DEIP bid acceptance under the reallocated volumes announced by Secretary Glickman earlier this month.

F.O.B. PRODUCING PLANT: 1.1500 - 1.3575

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH MAY 14, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-- 119,017	MT# (262,384,878 LBS)
CHANGE	-- 9,207	MT (20,297,752 LBS)
WHOLE MILK POWDER	-- 5,003	MT (11,029,613 LBS)
CHEESE	-- 3,011	MT (6,638,051 LBS)
BUTTERFAT	-- 395	MT (870,817 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT*; Whole Milk Powder - 5,003 MT*; Cheese - 3,350 MT; Butterfat - 29,854 MT; Reallocated nonfat dry milk - 26,258 MT* and 20,000 MT.

* Current program-year allocations and reallocations have been filled.

\# FAS has combined NDM current program and reallocated tons. The three nonfat dry milk componets total 130,470 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to fractionally higher. The market tone is steady to slightly firmer. Grade A whey stocks are termed as tight with Extra Grade offerings fully adequate for the slow to fair demand. Producers are indicating that they are getting more inquiries and feel that buyers are reentering the market because prices won't or can't move much lower. Traders, however, continue to report an inactive market with few new spot sales. Demand for Grade A whey is fairly good and some producers are sold out for the next few weeks and they are holding any extra loads with growing confidence. Some Extra Grade producers have powder available for immediate sale, but prices were not being discounted any further than they have been. Production levels are heavy as most Eastern cheese plants will be full during the Memorial Day weekend.

F.O.B. NORTHEAST:	EXTRA GRADE	.1600 - .1700
	USPH GRADE A	.1850 - .1925
DELVD SOUTHEAST:		.1700 - .2100

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Some producers are getting more calls inquiring about prices and availability of "off grade" whey. The hog and veal markets are still sluggish, but some improvement in both have recently been noted. Despite reports of increased placement of calves and hogs on farms, spot demand for animal feed whey is still lackluster.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are up at some plants as they take advantage of the surplus milk that is being planned for this holiday weekend. Some of the extra milk is moving at below Class prices and the extra output is allowing some producers to replenish inventories. Demand is seasonally slow to fair

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $22.00 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices held steady, athough the market tone remains weak. Trading stocks are reported to be readily available on both a contracted and spot basis. Domestic buyers continue to state that favorably priced spot loads are being offered to them on a regular basis. In instances, they are able to take advantage of the offerings, but generally their regular sources are keeping them fully supplied.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8600 - 1.9500
ACID:	1.8400 - 1.9500

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

CSCE/NYBT - BFP -- Dollars per cwt.

Month	05/12	05/13	05/14	05/17	05/18	05/19	05/20	05/21	05/24	05/25
MAY 99	11.25 (126) 0	11.28 (126) 0	11.28 (126) 0	11.25 (126) 0	11.30 (126) 12	11.38 (126) 0	11.34 (128) 5	11.34 (128) 0	11.34 (128) 1	11.34 (128) 0
JUN 99	10.83 (128) 0	10.79 (130) 2	10.71 (129) 1	10.64 (131) 2	10.83 (131) 2	10.99 (131) 1	11.30 (131) 5	11.36 (131) 1	11.48 (131) 2	11.95 (131) 4
JUL 99	11.35 (79) 2	11.33 (72) 2	11.31 (73) 1	11.31 (75) 2	11.40 (85) 14	11.49 (85) 0	11.88 (89) 5	12.08 (91) 6	12.23 (92) 4	12.83 (91) 6
AUG 99	12.43 (85) 0	12.42 (85) 0	12.38 (85) 0	12.28 (87) 2	12.35 (90) 4	12.46 (90) 1	12.88 (94) 3	13.08 (96) 2	13.08 (96) 0	13.50 (99) 3
SEP 99	12.68 (83) 0	12.70 (83) 0	12.68 (83) 0	12.66 (85) 2	12.74 (87) 3	12.76 (86) 0	12.93 (89) 2	13.18 (93) 4	13.22 (94) 1	13.50 (98) 6
OCT 99	12.85 (90) 0	12.85 (90) 0	12.83 (90) 0	12.83 (91) 1	12.85 (91) 0	12.85 (91) 0	12.95 (92) 1	13.13 (93) 2	13.14 (94) 1	13.55 (98) 5
NOV 99	12.74 (57) 0	12.74 (57) 0	12.74 (57) 0	12.72 (59) 2	12.80 (61) 2	12.80 (61) 0	12.89 (61) 0	12.89 (61) 0	12.98 (62) 1	13.15 (63) 5
DEC 99	12.51 (46) 0	12.51 (46) 0	12.52 (46) 0	12.52 (49) 3	12.54 (50) 1	12.54 (50) 0	12.52 (51) 1	12.63 (52) 1	12.64 (53) 1	12.70 (53) 2
JAN 00	12.15 (8) 0	12.15 (8) 0	12.14 (8) 0	12.14 (8) 0	12.13 (8) 0	12.10 (8) 0	12.11 (9) 1	12.11 (9) 0	12.15 (10) 1	12.15 (10) 0
FEB 00	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.08 (0) 0	12.10 (0) 0	12.11 (1) 1	12.11 (1) 0	12.15 (2) 1	12.15 (2) 0
MAR 00	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	11.90 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.03 (0) 0

CME - BUTTER -- Cents per pound

Month	05/12	05/13	05/14	05/17	05/18	05/19	05/20	05/21	05/24	05/25
MAY 99	110.60 (112) 15	110.60 (68) 10	119.00 (71) 7	119.00 (43) 1	121.00 (35) 0	124.50				
JLY 99	115.70 (142) 15	116.00 (148) 12	121.00 (152) 4	121.00 (152) 0	124.50 (152) 0	129.50 (167) 17	129.50 (167) 1	134.50 (175) 10	140.00 (175) 7	144.00 (176) 6
SEP 99	120.00 (223) 5	120.00 (223) 0	125.00 (223) 0	125.00 (223) 0	128.025 (223) 0	131.25 (223) 0	131.525 (223) 0	136.525 (223) 1	143.025 (223) 1	146.75 (226) 5
OCT 99	119.50 (109) 1	120.00 (109) 1	125.00 (109) 0	125.00 (109) 0	129.025 (109) 0	133.025 (109) 0	133.275 (109) 0	138.275 (109) 1	138.275 (109) 0	143.025 (109) 0

CME - BFP -- Dollars per cwt.

Month	05/12	05/13	05/14	05/17	05/18	05/19	05/20	05/21	05/24	05/25
MAY 99	11.24 (882) 1	11.25 (882) 5	11.26 (881) 18	11.27 (884) 9	11.30 (853) 37	11.38 (813) 51	11.33 (829) 49	11.33 (825) 5	11.32 (813) 25	11.33 (807) 14
JUN 99	10.83 (819) 4	10.75 (838) 28	10.70 (858) 28	10.64 (864) 21	10.80 (870) 14	11.00 (897) 77	11.33 (885) 101	11.38 (891) 35	11.49 (899) 51	12.00 (901) 89
JUL 99	11.36 (764) 12	11.37 (777) 27	11.30 (787) 28	11.30 (794) 42	11.40 (845) 61	11.54 (848) 11	11.95 (860) 50	12.10 (849) 52	12.27 (851) 29	12.85 (870) 107
AUG 99	12.38 (644) 19	12.40 (645) 26	12.33 (653) 15	12.24 (654) 25	12.40 (670) 33	12.50 (670) 6	12.85 (670) 40	13.05 (692) 60	12.96 (711) 73	13.40 (736) 79
SEP 99	12.68 (388) 5	12.71 (390) 4	12.71 (390) 0	12.63 (402) 25	12.73 (415) 30	12.75 (422) 11	12.90 (432) 23	13.18 (434) 47	13.17 (468) 59	13.40 (474) 14
OCT 99	12.84 (347) 2	12.84 (348) 5	12.85 (349) 1	12.83 (356) 12	12.90 (360) 14	12.87 (361) 8	13.01 (357) 14	13.20 (363) 33	13.17 (367) 20	13.50 (383) 36
NOV 99	12.75 (263) 1	12.75 (264) 0	12.74 (264) 0	12.70 (264) 6	12.80 (274) 23	12.77 (274) 3	12.89 (271) 11	12.90 (281) 14	12.95 (284) 5	13.13 (288) 21
DEC 99	12.55 (144) 0	12.55 (144) 0	12.55 (144) 0	12.55 (144) 0	12.60 (151) 7	12.60 (151) 0	12.60 (151) 0	12.64 (158) 9	12.69 (155) 13	12.74 (161) 7
JAN 00	12.20 (40) 0	12.20 (40) 0	12.20 (40) 0	12.19 (51) 13	12.18 (52) 2	12.18 (53) 1	12.16 (53) 1	12.16 (53) 0	12.20 (55) 3	12.22 (59) 4
FEB 00	12.20 (13) 0	12.20 (13) 0	12.20 (13) 0	12.20 (22) 11	12.18 (23) 2	12.18 (23) 0	12.18 (23) 0	12.18 (23) 0	12.20 (28) 5	12.20 (28) 0
MAR 00	11.90 (2) 2	11.90 (2) 0	11.90 (2) 0	11.90 (2) 0	11.90 (2) 0	11.93 (2) 0	11.96 (2) 1	11.96 (2) 0	12.00 (7) 5	12.00 (7) 0
APR 00	12.00 (4) 0	12.00 (2) 0	11.99 (2) 0	11.97 (2) 0	11.97 (2) 0	11.97 (2) 0	11.80 (2) 1	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.
For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 17 - 28, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production patterns in Western Europe are reported to be generally at seasonal high levels. Reports indicated that total milk output is slightly heavier than last year at this time. Milk handlers are attributing the strong production growth to previous year milk quota volumes. For the most part, the previous quota year finished at or very slightly over quota levels, thus most producers did not have to control year end production which helped the start of the new quota year and spring flush period. Milk handlers are stating that the upcoming quota year end period might be a different situation. European traders are closely monitoring the recent reallocation of U.S. dairy products under the DEIP program and what effect this is having on European sales potential. Traders are stating that potential sales to Mexico have diminished due to the close proximity of U.S. supplies and offering price levels. Other international buyer interest is reported to be basically quiet. Some buyer interest continues to be filled to Northern Africa and the Middle East, but outside of that, trading activity is slow. Stocks of available dairy products from Europe are sufficient to meet buyer interest. Skim milk powder continues to clear to intervention with butter stocks clearing to PSA.

BUTTER/BUTTEROIL: Butter markets are generally steady, although prices are slightly higher. Traders report that sales are not overly aggressive, although fresh butter is in good demand and offering prices are higher. Offerings continue to clear to intervention, but heavier offerings are clearing to PSA. Butter production in Europe is strong as milk volumes, when possible, are being diverted away from cheese production toward butter/powder.

82% BUTTERFAT:	1,350 - 1,550
99% BUTTERFAT:	1,650 - 1,800

SKIM MILK POWDER (SMP): Skim milk markets are generally steady at unchanged prices. Following the recent announcement of the reallocated dairy products under DEIP in the United States, Eastern and Western European traders are monitoring what impact this is having on their sales and sales potential. Many European traders feel that the Mexican interest that was developing will be filled by U.S. sources, thus limiting sales out of Europe. European traders were hoping that sales would improve, thus offerings to intervention were slowing, but now offerings are, or are expected to increase.

1.25% BUTTERFAT:	1,225 - 1,300

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to weak as prices are slightly lower. Powder production is reported to be off slightly as demand for whole milk powder is light. At this time, most milk is clearing through butter/powder operations as surplus production can be offered to intervention.

26% BUTTERFAT:	1,420 - 1,460

SWEET WHEY POWDER: Whey markets are steady at unchanged prices. Trading activity is slow and unaggressive for both edible and animal feed whey. Trading stocks are in balance with demand, although overall cheese production is somewhat lighter.

NONHYGROSCOPIC:	400 - 500

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe continues to build toward a seasonal peak, although reports indicated that milk output is lower in some countries when compared to last year at this time. As milk production builds seasonally, manufactured dairy product inventories vary from adequate to tight for projected needs. Small volume international sales continue to clear product from the region, but no significant sales are occurring.

OCEANIA

OVERVIEW: For the most part, the milk production season in the Oceania region has now ended. Annual production figures are still preliminary, but Australia is projecting output to be between 6 - 7% above last season while in New Zealand, production lags last year by about 5%. Stocks of manufactured dairy products range from in close balance to tight for projected winter needs. Due to the opposite milk production trends in either New Zealand or Australia when compared to the other, overall stock conditions are reported to be basically comfortable in light of slow international sales. On-going sales continue to clear sufficient stocks to maintain manageable inventory levels for most Oceania traders. Traders are monitoring the recent DEIP reallocation of dairy products in the United States. At this point, skim milk powder is the only reallocated product that is getting activity, destined for Africa, Middle East, Caribbean, Central and South America. Although the individual volumes are not large and available stocks in the Oceania region are limited, powder is leaving the United States, displacing potential business for Oceania traders.

BUTTER: Butter markets remain much the same as past weeks with prices unchanged to slightly lower. International buyer interest is slow and unaggressive at this time. For the most part, Oceania stock levels are reported to be sufficient for ongoing/regular sales activity and in close balance for potential new sales opportunities. Some Oceania traders are already wondering what Russia's buying potential might be during their upcoming winter season.

82% BUTTERFAT:	1,100 - 1,500

CHEDDAR CHEESE: Cheese markets are generally steady at unchanged prices. Some traders feel that lower prices and readily available stocks from other areas of the world will be putting downward pressure on Oceania prices in the near future. At this point, sales and shipments to regular/ongoing markets continue to occur on schedule. Oceania stocks are reported to be sufficient for current needs.

39% MAXIMUM MOISTURE:	1,750 - 1,800

SKIM MILK POWDER (SMP): Skim milk powder markets are basically steady at unchanged prices. Limited, to in close balance, stock levels are being reported. Oceania traders are monitoring the U.S. and what sales activity traders are getting since the reallocation of about 45,000 mt of skim milk powder. Although 20,000 mt may be cleared by June 30, 1999, the balance of the reallocation is what is of more interest. At this point, Oceania traders have minimal inventories uncommitted, but once the new production season gets underway the issue will be more important.

1.25% BUTTERFAT:	1,225 - 1,325

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady and prices are unchanged to slightly lower. Although international sales are in the doldrums, traders feel that the market is somewhat more stable. Stock levels are reported to be in close balance and most Oceania traders feel that they would not be able to participate in any significant sales activity should it develop.

26% BUTTERFAT:	1,350 - 1,550

Exchange rates for selected foreign currencies: May 24, 1999

.4809 Dutch Guilder	.5418 German Mark
.1616 French Franc	.5492 New Zealand Dollar
.1063 Mexican Peso	.6594 Australian Dollar
1.5977 British Pound	.0081 Japanese Yen
.2543 Polish Zloty	1.0597 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1063) = 9.4073. That is 1 US Dollar equals 9.4073 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

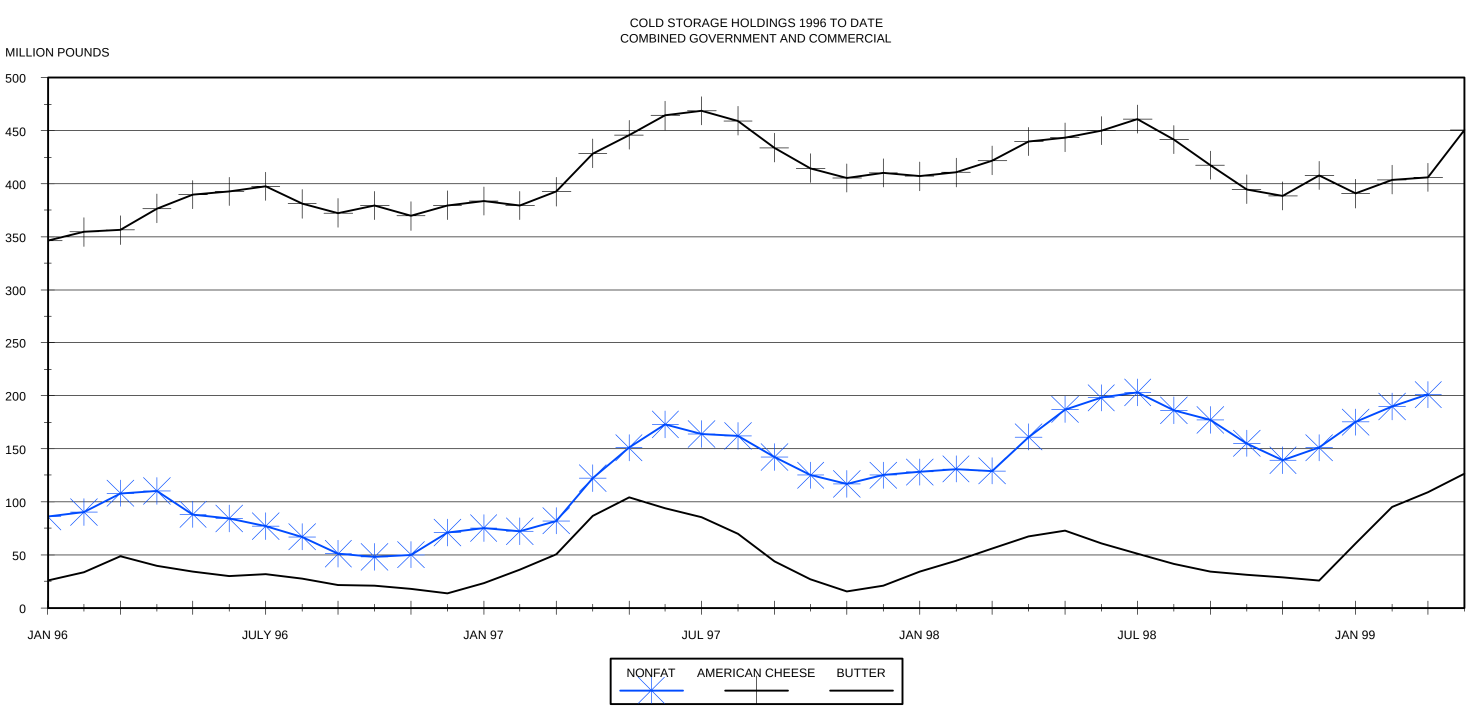
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAR 31, 1997	MAR 31, 1998	REVISED MAR 31, 1999	APR 30, 1997	APR 30, 1998	APR 30, 1999
Cream	---	---	---	---	---	---
Butter	50,286	55,919	108,917	86,762	67,415	126,358
Evap. & Cond. Milk	---	---	---	---	---	---
Cheese, Natural American	392,486	421,979	406,067	428,671	439,787	450,565
Cheese, Swiss	12,809	13,571	13,659	11,896	12,581	12,179
Cheese, Other Natural	111,735	97,553	132,420	114,862	105,252	130,720
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	364	256	181	466	398	67
Natural American Cheese	77	199	35	43	171	20

APRIL COLD STORAGE HOLDINGS BY REGION									
	Natural American Cheese			Butter			Other Natural Cheese		
REGION	1997	1998	1999	1997	1998	1999*	1997	1998	1999
New England	20,063	22,798	25,812	10,360	---	---	205	162	329
Middle Atlantic	37,948	44,239	45,782	4,195	---	---	19,463	11,464	8,218
East North Central	234,379	243,112	237,131	40,635	---	---	81,187	84,709	79,319
West North Central	75,255	68,483	70,084	7,224	---	---	3,106	2,079	32,323
South Atlantic	247	466	439	1,555	---	---	4,437	561	647
East South Central	203	211	219	194	---	---	3,015	1,742	320
West South Central	2,325	200	255	521	---	---	144	450	295
Mountain	16,327	11,957	13,006	361	---	---	964	742	647
Pacific	41,924	48,321	57,837	21,717	---	---	2,341	3,343	8,622
TOTAL	428,671	439,787	450,565	86,762	67,415	126,358	114,862	105,252	130,720

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.


COLD STORAGE HOLDINGS 1996 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL
MILLION POUNDS
500
450
400
350
300
250
200
150
100
50
0
JAN 96
JULY 96
JAN 97
JUL 97
JAN 98
JUL 98
JAN 99
NONFAT
AMERICAN CHEESE
BUTTER

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1998 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Million Pounds						Million Pounds						Million Pounds					
January	61	34	61	34	3/	3/	391	407	391	407	3/	3/	175	128	82	104	93	24
February	95	44	95	44	3/	3/	404	411	404	411	3/	3/	190	131	108	105	82	26
March	109	56	109	56	3/	3/	406	422	406	422	3/	3/	201	129	118	93	83	36
April	126	67	126	67	3/	3/	451	440	451	440	3/	3/		161		113		48
May		73		72		3/		444		444		3/		187		132		55
June		61		60		3/		450		450		3/		198		129		69
July		51		51		3/		461		461		3/		203		112		91
August		41		41		3/		442		441		3/		186		78		108
September		34		34		3/		417		417		3/		177		64		112
October		31		31		3/		395		394		3/		155		46		109
November		29		29		3/		389		389		3/		139		42		97
December		26		26		3/		408		408		3/		151		56		95

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Mar 31, 1997	Mar 31, 1998	Mar 31 1999	Apr 30, 1997	Apr 30, 1998	Apr 30, 1999
	Thousand Pounds					
Butter	49,922	55,663	108,736	86,296	67,017	126,291
Natural American Cheese	392,409	421,780	406,032	428,628	439,616	450,545

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (5-99) and "Dairy Products," Da 2-6 (5-99), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 1996-1998 ANNUAL

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS 1/

Commodity	Quantity (in Metric Tons)			Value (In $1,000)		
	Jan.-Dec. 1996	Jan.-Dec. 1997	Jan.-Dec. 1998	Jan.-Dec. 1996	Jan.-Dec. 1997	Jan.-Dec. 1998
Milk and Cream 2/	8,201	9,024	12,950	8,286	8,499	13,264
Other Fluid Products 2/	186	998	1,548	3,872	5,090	8,936
Dried Dairy Products	9,978	10,308	15,646	13,089	15,933	20,819
Cheese, Quota	112,252	98,213	121,354	398,365	352,682	429,781
Cheese, Nonquota	40,148	40,732	44,872	186,731	188,347	199,592
Butter	4,783	10,956	31,919	9,509	19,292	61,332
Casein	69,166	65,025	70,394	342,558	280,952	295,579
Milk Protein Concentrate	18,123	28,392	39,848	71,221	104,649	137,170
Other, Dairy Products	13,220	20,734	30,694	35,185	50,792	72,888
Total 3/	---	---	---	1,068,816	1,026,236	1,239,361

1/ Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. 2/ Quantity for fluid dairy products shown in kiloliters. 3/ Total volume not shown due to the use of mixed units.

COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	Quantity (in Metric Tons) 1/			Value (In $1,000)		
	Jan.-Dec. 1996	Jan.-Dec. 1997	Jan.-Dec. 1998	Jan.-Dec. 1996	Jan.-Dec. 1997	Jan.-Dec. 1998
Butter & Milkfat	20,795	15,025	8,951	41,522	25,955	14,221
Cheese & Curd	32,428	37,436	36,848	104,809	123,333	116,982
Casein	3,096	3,927	6,455	18,237	20,445	24,862
Dry Whole Milk & Cream	16,181	48,609	51,294	18,811	76,187	72,340
Condensed & Evaporated Milk	39,580	9,344	8,026	21,905	6,416	7,326
Nonfat Dry Milk	18,422	62,070	72,916	34,939	109,233	120,601
Ice Cream	39,765	36,767	38,206	90,233	83,264	82,167
Whey	---	---	---	125,894	124,464	119,728
Yogurt & Other Fermented Milk	---	---	---	8,861	7,356	7,024
Other Dairy Products	---	---	---	215,954	293,607	292,642
Total 1/	---	---	---	681,165	870,260	857,893
Fluid Milk & Cream 2/	37,296	43,650	32,352	28,596	34,287	26,625
Total Milk & Products 1/	---	---	---	709,761	904,547	884,518

1/ Volume information for whey, yogurt and other fermented milk, other dairy products, and total milk and products is not available as these commodities are reported in mixed units. 2/ Quantity for fluid milk and cream shown in kiloliters.

SOURCE: "Foreign Agriculture Circular: Dairy, Livestock, and Poultry: U.S. Trade and Prospects", FDLP 2-99, February 1999, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Department of Commerce, Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
FEB 1999	163.3	2.4	162.3	9.9	163.4	11.7	162.7	9.7	155.5	23.2	147.0	-0.3
MAR 1999	163.3	2.3	161.5	8.8	162.9	10.8	161.9	7.9	149.3	15.4	146.8	-0.3
APR 1999	163.4	2.3	156.1	5.1	149.6	2.3	159.9	6.7	145.6	16.5	146.7	0.3

U.S. City Average Retail Prices

Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Dollars											
FEBRUARY	3.004	2.653	2.901	2.589	2.801	2.321	3.723	3.475	3.746	3.507	3.291	2.998
MARCH	3.003	2.658	2.881	2.589	2.739	2.421	3.878	3.572	3.714	3.477	3.231	2.969
APRIL	2.707	2.668	2.686	2.589	2.703	2.336	3.748	3.535	3.694	3.499	3.266	3.060

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS–JANUARY-MARCH 1998-99, AND ANNUAL 1997-98 1/

Item	Jan.-Mar. 1997/98	Percent change 4/	Jan.-Mar. 1998/99	Percent change 4/	Jan.-Dec. 1997	Percent change 4/	Jan.-Dec. 1998	Percent change 4/
	Million Pounds							
MILK								
Production	39,164	0.8	40,526	3.5	156,091	1.6	157,441	0.9
Marketings	38,828	0.9	40,206	3.5	154,697	1.7	156,080	0.9
Beginning Commercial Stocks 2/	4,889	3.9	5,274	7.9	4,704	14.8	4,889	3.9
Imports 2/	721	26.0	1,027	42.4	2,696	-7.4	4,591	70.3
Total Supply 3/	44,438	1.5	46,507	4.7	162,097	1.9	165,560	2.1
Ending Commercial Stocks 2/	6,093	5.9	7,371	21.0	4,889	3.9	5,274	7.9
Net Removals 2/	209	115.5	76	-63.6	1,090	1,152.9	366	-66.4
Commercial Disappearance 3/	38,136	0.5	39,060	2.4	156,118	1.2	159,920	2.4
SELECTED PRODUCTS 5/								
Butter	293.3	-3.7	264.3	-9.9	1,108.7	-5.7	1,124.4	1.4
American Cheese	820.6	-0.1	886.8	8.1	3,268.9	1.5	3,349.5	2.5
Other Cheese	1,023.1	0.2	1,087.3	6.3	4,366.5	3.2	4,450.4	1.9
Nonfat Dry Milk	225.5	-12.7	208.3	-7.6	894.0	-11.2	867.3	-3.0
Fluid Milk Products 6/	13,934.3	-0.5	13,969.0	0.2	55,382.4	-0.1	55,175.7	-0.4

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF MAY 24 - 28, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 05/21/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	8,860,536	-0-	8,860,536	102,493,164	85,856,474	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8,860,536	-0-	8,860,536	102,493,164	85,856,474	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 24 - 28, 1999 =	1.9	103.1	COMPARABLE WEEK IN 1998 =	1.0	50.7
CUMULATIVE SINCE OCTOBER 1, 1998 =	22.5	1,193.0	CUMULATIVE SAME PERIOD LAST YEAR =	18.9	999.4
CUMULATIVE JANUARY 1 - MAY 28, 1999 =	22.5	1,191.8	COMPARABLE CALENDAR YEAR 1998 =	17.2	908.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	8,364,791	7,382,984	8.2	8.6
WEST	-0-	-0-	-0-	-0-	94,128,373	78,275,131	91.8	91.2
EAST	-0-	-0-	-0-	-0-	-0-	198,359	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	102,493,164	85,856,474	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - $9.90 per cwt.; 3.5% - $9.80

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1000; 500# Barrels $1.0700; Process American 5# $1.1525; Process American 2# $1.1925

NONFAT DRY MILK: Nonfortified $1.0100; Fortified $1.0200; Instant $1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/08/99 & Comparable Week 1998 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.0	4.9	5.3	16.3	1.7	2.6	0.8	8.7	2.7	44.3	904.4	42.9	44.1
1998-Dairy cows HD (000)	0.3	1.4	5.5	4.9	18.2	2.3	2.3	0.9	8.6	2.8	47.3	1,040.5	44.0	48.5
1999-All cows HD (000)	0.2	1.0	6.8	17.3	22.7	13.8	18.5	4.9	11.7	6.3	103.2	2,048.7		
1998-All cows HD (000)	0.3	1.5	7.7	14.6	25.3	17.4	17.2	6.0	10.7	6.8	107.4	2,146.9		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 5/24

JULY 1999 - JUNE 2000 DELIVERY

CHEDDAR	MINIMUM/MAXIMUM	
BARREL	2,520,000/4,000,000	$0.0400-0.0550
CHEDDAR BLOCKS	1,637,950/3,995,000	$0.1288-0.2500
CHEDDAR CUTS	639,150/2,756,500	$0.2700-0.3425
SHREDS	1,190,400/2,841,600	$0.2100-0.4005
REDUCED FAT BLOCKS	159,800/1,438,200	$0.2778-0.4400
REDUCED FAT CUTS	1,398,250/2,796,500	$0.4400-0.5050
REDUCED FAT SHREDS	1,996,800/4,646,400	$0.4383-0.5495

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81								